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UNITED STATES GOVERNMENT

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TO

EA - Mr. Gleysteen

DATE: November 26, 1975

INR/REA - Herbert E. Horowitz

SUBJECT: Memoranda in Support of the President's Trip to China

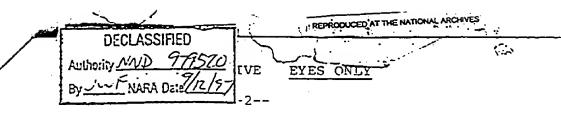
We have reviewed the briefing papers for President Ford's trip to China which you showed to us. With the exception of the first paper, which deals with China's internal political situation, we are in substantial agreement with the views presented. The article on China's economy is excellent. paper on the succession problem provides a good analysis of the complex personal, institutional and policy factors at play in Chinese politics and could almost be substituted for the opening paper.

Internal

We disagree with many of the main points in the paper on China's internal politics, and we attach our paper on "China in 1975" which presents a different and, we think, more balanced overview. Our major problem with CIA's analysis of the Chinese domestic scene is that it overinterprets the limited information available and presents a rather speculative view of China today. For example, the paper speaks of "major political fault lines," dividing the left and the right within the Chinese Communist Party; we think this vastly oversimplifies interaction among China's leaders and the way in which individuals probably line up on different issues. paper also asserts that Mao in 1975 "has been subject to personal criticism unparalleled since...the Great Leap Forward." We are not convinced that Mac is under fire and think such generalizations should be omitted unless accompanied by credible evidence.

We also disagree with the portrayal of a die-hard, anti-Soviet Mao, "digging in his heels" against presumably powerful opponents who favor relaxing Sino-Soviet tensions. The paper admits such persons cannot be clearly identified and adds that in any case they seem to be "disparate elements." Without foundation the paper identifies the military as the "core element arguing for a change in the anti-Soviet policy," oversimplifying the wide range of views and interests that almost





certainly exist in China's complex defense establishment. We see no conclusive evidence that a sizable number of leaders oppose Mao on the Soviet issue and certainly do not believe that Ambassador to the UN Huang Hua counts himself among Mao's opposition.

Foreign Policy and Military

On the military and foreign policy side we generally agree with the substance of the papers presented and have included some additional thoughts in our piece on "China in 1975." We agree that Peking does not truly fear an imminent Soviet attack. What the Chinese fear is the more long-range threat to Chinese interests posed by detente. They see detente as a process by which the West, particularly the US, acquiesces in growing Soviet power, while failing in its own resolve to stand up to the Soviet Union. This year's sudden fall of Indochina shook Peking not only because of the opportunity it afforded Moscow to increase its influence in Southeast Asia but also because it raised doubts as to whether the US, beset by internal problems, would continue to play a strong countervailing role in Asia and the world.

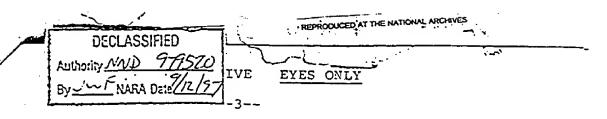
The conclusion of CSCE in July further heightened PRC fears that the global balance is tilting in favor of the USSR. To the Chinese, the CSCE Final Act constituted de facto ratification of Eastern European borders. It demonstrated Western willingness to "sell out" the interests of other countries for the sake of good relations with Moscow; thus the Chinese have called it a "second Munich." Feking probably noted that the CSCE agreement on notification of troop maneuvers specifically exempted Moscow from having to report movements on its Asian frontiers. As viewed from Peking, this implies Western willingness to allow Moscow freedom of maneuver in areas which do not directly involve Western interests.

- In short, the Chinese worry that detente will progressively strengthen Moscow's worldwide influence as well as its ability to deal with China militarily should it decide to do so. We believe the Chinese look forward to assessing President Ford's resolve vis-a-vis the Soviets, and there is no question that they will press him to recognize the growing Soviet danger which they perceive.

Sino-US

Turning to the paper on Peking's view of the US, we agree that the Chinese are more skeptical of the benefits of US-PRC

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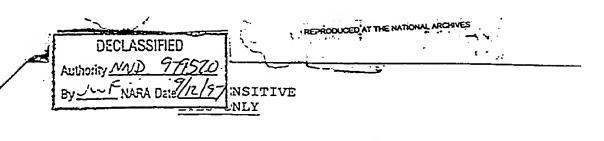
detente today than they were two years ago. However, Peking has little alternative to continuing the Sino-US relationship, short of a reversal toward the Soviet Union. In order to neutralize effectively the military danger which the Soviets pose to China, such a reversal would have to involve substantial PRC concessions to the USSR which seem highly unlikely. In any case, there is no evidence that the Chinese currently desire anything other than continued progress in Sino-US normalization. Regarding the paper's argument that China is unwilling to "make many sacrifices to keep (Sino-US) relations on course," we disagree. The PPC continues to maintain high level diplomatic contacts with the US despite continuing US recognition of Taipei. This sacrifice of principle outweighs, in our eyes, any concessions they may fail to make on minor bilateral issues.

Taiwan

On Taiwan, several of the briefing memoranda convey an erroneous impression. We have good clandestine reports indicating that the recently rehabilitated former Army Chief of Staff Lo Jui-ch'ing has been placed in charge of long-range military planning. Among his duties, he is apparently charged with preparing a plan, to be completed by 1980, for the "liberation" of Taiwan.

The CIA memoranda interpret this to mean that China plans to invade Taiwan within five years, and they explicitly link the five-year time frame to the 1980 US Presidential elections. We question this interpretation and would rather stress statements by Teng Hsiao-p'ing and other PRC leaders that, although they do not rule out the use of force, they hope for a peaceful resolution of the Taiwan problem. No doubt there will be contingency plans for a Taiwan invasion but we see no hard evidence of a decision to invade the island by 1980. As pointed out elsewhere in the briefing papers, any military move against Taiwan would substantially weaken China's defense capabilities vis-a-vis the USSR.

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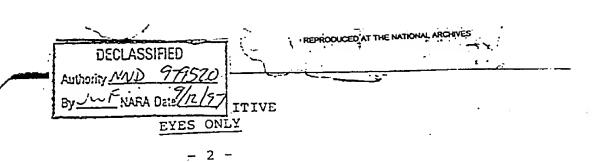


CHINA IN 1975

The Chinese political situation in the past year has been characterized by a renewed emphasis on political stability, restructuring the government, and economic development. Tension remains, however, over such issues as succession, rehabilitation of cadres purged during the Cultural Revolution (1966-1969), local factionalism, and industrial problems.

Disagreement over, internal issues will most likely compound the succession process, but it is not evident that the Chinese leadership has split into several hardened and competing factions unable to reach broad agreement on domestic and foreign policy issues. Moreover, we see no solid evidence of active opposition against Mao Tse-tung or of major disagreement over broad foreign policy issues.

With Chou En-lai's health apparently worsening and precluding active involvement in state and party matters, Vice Premier Teng Hsiao-p'ing, once disgraced but now rehabilitated, has emerged as China's day-to-day leader. Since the restaffing of the government bureaucracy at the January National People's Congress (NPC), Teng has assumed the positions of PLA Chief of Staff, Vice Chairman of the Chinese Communist Party, and member of the powerful Politburo Standing Committee. Both Mao and Chou have come to rely increasingly on Teng, and he can now be expected to succeed Chou as Premier and to play a key role

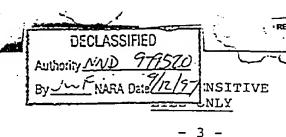


in party affairs after Mao's death. However, without the presence and support of Mao and Chou, Teng could find his prestige and authority weakened, and increased leadership competition could result.

Compounding the succession problem is the recent rehabilitation of key figures purged during the Cultural Revolution who may or may not be allied with Teng. With the support of Mao, a September central directive called for the rehabilitation of such once-prominent pre-Cultural Revolution figures as Chou Yang, Hsia Yen, Yang Han-sheng, Pa Chin, and Yu Chen-fei. Paralleling this action are persistent rumors that Peng Chen, former Peking mayor and Politburo member, once accused of actively opposing Mao, may be restored to a government position.

To rehabilitate such individuals and restore thousands of other purge victims to important government and party positions calls into question the goals and achievements of the Cultural Revolution itself. Many of Peking's so-called leftist leaders, such as Chiang Ch'ing (Madame Mao), Yao Wen-yuan, and Chang Ch'un-ch'iao, based much of their careers on striking down these "rightists" and "revisionists." It would appear that beneath the surface the "left" would be deeply incensed and apprehensive over the widening circle of rehabilitation.

Frequent joint appearances of the leadership since September

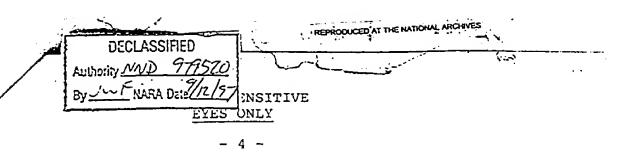


seem an obvious attempt to still speculation about toplevel factional disputes and to portray a sense of "stability and unity" at home and abroad.

Despite the emphasis on stability and economic themes in the past year, the Chinese leadership and particularly Mao remain committed to the achievement of ideological purity in Chinese society—a potentially disruptive issue. A resurgence of "revisionism" and a, "restoration of capitalism" have been real fears to Mao since the 1950's. Immediately after the January 1975 National People's Congress, with its emphasis on stability and economic development, a "Dictatorship of the Proletariat" campaign was launched to remind the Chinese populace to be on guard against the spread of "bourgeois rights" and "bourgeois factionalism."

More recently, the "Criticize <u>Water Margin</u>" campaign may be seen as part of Mao's historical effort to prevent the development of "revisionism" in China. While the initial stages of the campaign in August suggested that one or more Chinese leaders, such as Teng Hsiao-p'ing, Wang Hung-wen, or even Chang Ch'um-ch'iao, might be under attack, later articles and statements by Chinese officials suggested broader themes. The campaign, reportedly initiated by Mao himself, remained within closely guarded parameters.

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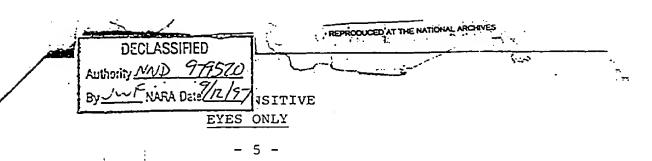


The evidence available does not indicate that Muo was under attack or that some elements were attempting a defense of the deposed Lin Piao. As the campaign broadened, its attack centered on the general issue of "capitulation to revisionism" within China (i.e., backsliding toward capitalism, reduction of ideological commitment, etc.) rather than on specific individuals. The campaign did not directly involve foreign policy issues; although fear of "capitulation to Soviet revisionism" appears to have emerged as a minor theme in subsequent articles.

In any case, the campaign lost national focus after only one week of press attention, developing into a subdued study campaign which is still continuing. The political mood in September shifted quickly to the more mundane topic of agricultural development and the October 1 National Day celebration. The latter was marked by the conspicuous absence of the traditional October 1 editorial and the non-appearance of Premier Chou En-lai; he has not been seen publicly since September 7, amid reports of worsening health problems.

Leadership attention since September has been focused on the question of rapid agricultural development and preparations for the next five-year plan. The Chinese media has been dominated by editorials and leaders' statements calling for the rapid

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development and mechanization of Chinese agricultural production. The emphasis on "stability and unity" and "combatting bourgeois factionalism" in the context of economic development has been stressed in the provinces, particularly in trouble—some Chekiang and Yunnan where factional disputes erupted this year. Such exhortations and the recent rotation of several provincial leaders point to the central leadership's continuing difficulty in dealing with local political problems, which in part are a legacy of the Cultural Revolution. Such problems are accompanied by persistent labor difficulties and by bottlenecks in the economy which interfere with Chinese efforts to fulfill the fourth five-year plan (1971-1975).

One area where Chinese policy seems to be less controversial and has achieved broad agreement lies in the reassessment of Chinese foreign policy and strategic objectives in the wake of the Indochina denouement. There are indications that last May the Chinese leadership undertook a broad reevaluation of China's strategic world position. Since then, publicly and privately, the Chinese have expressed increased concern over possible expansion of Soviet power and influence in the world in general and in the Far East in particular. This concern has increased further since the successful conclusion of CSCE in July. Some Chinese officials have even commented that China can no longer hope to avoid involvement in an "inevitable" war

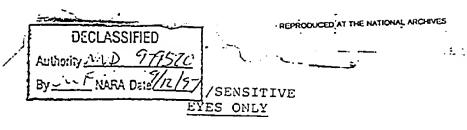


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between the two superpower. Despite occasional spiculation that there are some Chinese leaders who might favor reducing Sino-Soviet tensions or even pursuing a rapprochement with the USSR, we see no evidence that any are actively promoting this course.

As a consequence of the leadership's heightened concern over expanding Soviet power, a series of central-level meetings in June and July re-evaluated PRC defense policy. At a July meeting of the Military Affairs Commission, Tengrand Defense Minister Yeh Chien-ying criticized China's army as weak and inefficient. A subsequent central directive, endorsed by Mao, called for modernization of the air force and the navy, as well as for streamlining the army and improving China's combat readiness. Subsequent events -- a step-up in military training, renewed interest in air raid shelter construction, rehabilitation of professional soldiers, the October 27 underground nuclear test, rumors of Chinese interest in foreign military technology-point to an active implementation of this new directive. Such a shift to a more conventional defense posture also reinforces efforts by the civilian leadership to reduce the political involvement of the armed forces -- a process begun following the Ninth Party Congress in 1969 and accelerated by the Lin Pizo coup attempt in 1971.

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Throughout this past summer, little evidence emerged to suggest major disagreement or factional disputes over these foreign policy and military issues. This apparent consensus stands in contrast to continued tension and differing policy stances over such domestic issues as succession, rehabilitation of purge victims, and the broader issue of Maoism versus revisionism in China.

Prepared by C.J. Szymanski x-20616

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